

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT (A) FOR AUTHORITY TO ISSUE)	
PARITY REVENUE BONDS IN THE APPROXIMATE)	CASE NO. 2000-481
AMOUNT OF \$16,545,000; AND (B) A CERTIFICATE)	
OF CONVENIENCE AND NECESSITY FOR THE)	
CONSTRUCTION OF WATER MAIN FACILITIES)	

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS TO

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Northern Kentucky Water District ("NKWD") file the original and 8 copies of the following information with the Commission within 7 days of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Complete the table set forth in Appendix A to this request.

2. a. In its application, NKWD states that the Commission approved the projects listed below in Case No. 98-079.¹ Identify the Order(s) in which the Commission issued a Certificate of Public Convenience and Necessity for each of the following proposed projects.

- (1) Shaw Road – Wilson Road to Ky. 17;
- (2) Ky. 17, Ky. 16 – Sub-District B;
- (3) Fort Thomas Treatment Plant Sodium Hypochlorite Addition;

and,

(4) 42-inch Transmission Main from Grand Avenue to Dudley Avenue.

b. For any instances where the Commission determined that a project could be considered as an extension in the ordinary course of business, explain why NKWD classified the project as having received Commission approval.

3. Identify the projects listed in the Application for which NKWD is requesting a Certificate of Public Convenience and Necessity.

4. a. When were the 2000 Bond Anticipation Notes (“BANs”) issued?
- b. What was the amount of the 2000 BAN issuance?
- c. Identify all uses of the proceeds from the 2000 BAN issuance.
- d. State whether NKWD intended to issue revenue bonds in late 2000 or 2001 when it issued the 2000 BANs.

¹ Case No. 98-079, The Application of Northern Kentucky Water Service District For Permission or Certificate to Construct Various Normal Extensions to its Water system; To Make Replacements; To Install Betterments in the Existing Water Treatment Plants; To Make Studies of Its Water Supply Needs; and, To Increase Storage Capacity [Funding Will Be From Cash Flows and Notes Authorized By Statute] (June 9, 1998).

5. Provide a copy of the minutes of each meeting of the NKWD Board of Commissioners in which the issuance of the 2000 BANs or the proposed revenue bonds was discussed.

6. In Case No. 98-079, NKWD proposed to construct 8,300 linear feet of 16-inch water main along Kentucky Highway 17 from an existing 16-inch water main at the intersection of Shaw Road and Kentucky Highway 17 to Kentucky Highway 16. NKWD identified this project as Project Z. In its current application, NKWD lists Project Z as involving the construction of only 3,990 linear feet of water main along Kentucky Highway 17 from an existing 16-inch water main at the intersection of Alvin Drive and Kentucky Highway 17 to Obey Drive. Explain why changes were made to Project Z.

7. In its Application, NKWD states that total project cost for Project VV ("Fort Thomas Treatment Plant Sodium Hypochlorite Addition") is \$2,170,939.38 and that this project was approved in Case No. 98-079. In its Order of June 9, 1998 in Case No. 98-079, the Commission found that, based upon a projected cost of \$200,000, Project VV could be considered as an extension in the ordinary course of business. Explain the difference in the project cost reported in NKWD's application in Case No. 98-079 and the current case.

8. In Case No. 99-277,² the Commission issued a Certificate of Public Convenience and Necessity for the construction of Project Q ("Licking Pike – 27-Lickert-

² Case No. 99-277, The Application of Northern Kentucky Water Service District for a Certificate to Construct a New and Larger Transmission Water Main to Replace a Portion of the Existing Transmission Main Now Serving Pendleton County Water District, Phase 1, Cost \$439,000 (Aug. 9, 1999).

Hillerview Road”). In its application, NKWD stated that the total cost of Project Q was \$439,000. In its current application, NKWD states that the current projected cost is \$700,000. Explain the difference in project costs.

9. In its current application, NKWD lists three projects as Project W but states that Phases 1b and 2 of Project W should be considered as extensions in the ordinary course of business.

a. Describe the relationship between the three projects.

b. Explain why the Commission should consider Phases 1b and 2 of Project W separately from Phase 1a in determining whether KRS 278.020(1) requires NKWD to obtain a Certificate of Public Convenience and Necessity.

c. Is it NKWD’s position that Phase 1a requires a Certificate of Public Convenience and Necessity? Explain.

10. In Case No. 98-079, the Commission determined that Projects X, AA, UU, and VV should be considered as extensions in the ordinary course of business “as long as the financing for these projects continues to be from internally generated funds and short-term notes.”³ Does the proposed redemption of the 2000 BANs through the proposed issuance of long-term revenue bonds alter the Commission’s findings regarding these projects? Explain.

11. What effect, if any, does the proposed redemption of the 2000 BANs through the proposed issuance of long-term revenue bonds have on NKWD’s position that projects which it considers as in the ordinary course of business and which are

³ Order of June 9, 1998 at 6.

financed through the issuance of the 2000 BANs do not require a Certificate of Public Convenience and Necessity? Explain.

12. In Case No. 2000-171⁴, NKWD proposed improvements for its Sub-District D which it estimated to cost \$1,548,502 and which it proposed to finance in part through non-district sources totaling \$1,234,000. In its current application, NKWD states that total project cost is \$1,130,457 and was financed in part through the issuance of the 2000 BANs.

- a. Explain the difference in the estimates of the project costs.
- b. If the project cost was only \$1,130,457, explain why any use of 2000 BAN proceeds was necessary in light of other available sources of funding.

13. In its current application, NKWD proposes to construct automation improvements to its Fort Thomas Treatment Plant (Project No. 184-411). It estimates that the total cost, including engineering costs, is \$6.5158 million. Describe how NKWD intends to finance the non-engineering portion of the total project cost (\$5,765,800).

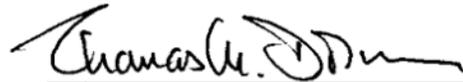
14. What is the amount of the proposed bond issuance that will be purchase by Rural Development (“RD”) pursuant to prior agreements between NKWD and RD?

15. Provide a copy of the permit issued by Division of Water for each project described in Tabs 1 through 17 of NKWD’s Application. If NKWD has provided such permit in a previous proceeding, identify the proceeding in lieu of providing the permit.

16. a. Provide the specifications for Project No. 184-082.
- b. Has NKWD issued a request for bids on Project No. 184-082?

⁴ Case No. 2000-171, Application of Northern Kentucky Water Service District for a Certificate of Public Convenience and Necessity for the Construction of Sub-District D Water Main Extensions and Surcharge (May 31, 2000).

c. Provide an updated hydraulic analysis to reflect the addition of Project No. 184-082 to the Master Plan that NKWD previously submitted to the Commission in Case No. 98-079.



Thomas M. Dorman
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DATED: 12/22/2000

cc: Parties of Record

APPENDIX A

Project Name	Project Number	Date Construction Began (or Expected to Begin)	Date Construction Expected
Sub-District D	184-069		
Licking Pike (27-Kickert-Hillview Rd. (Phase 1)	184-033		
Nelson Road to Charter Oak's 16-inch Water Main	184-081		
Kentucky 17 – Alvin to Obey Drive	184-003		
Shaw Road - Wilson Road – Kentucky 17	184-045		
US 27 at Pond Creek	184-205		
Kentucky 17 – Kentucky 16 – Sub-District B	184-004		
Sodium Hypochlorite at Pump Stations	184-417		
Fort Thomas Treatment Plant Sodium Hypochlorite Addition	184-420		
Fort Thomas Treatment Plant Sodium Automation – Engineering Only	184-411		
Taylor Mill Treatment Plant Filter Rehabilitation	184-423		
Bristow Road – Richardson Road to KDOT Project	184-044		
Bristow Road – KDOT to Hogrefee	184-044		
Bristow Road – KDOT Project	184-044		
42-inch Transmission Main from Grand Avenue to Dudley	184-082		
Sub-District C (Not covered in 1998 BAN)	184-014		
Booster Chlorine Stations, Covington	184-426		